Registered number: SC177810

SLC TURNBERRY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

SLC TURNBERRY LIMITED
Registered No. SC177810

Directors

Mark Bennett Troy	
Hamza Ali Abdullatif Mustafa	(resigned 21 August 2013)
Michael Burns Neilson	(resigned 14 July 2013)
Ian Alastair Humphries-Russ	(appointed 5 March 2014)

Secretary
Mark Bennett Troy

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers
Bank of Scotland
17 Dalrymple Street
Girvan
Ayrshire KA26 9EU

Registered Office
Turnberry Hotel
Ayrshire KA26 9LT

Solicitors
Maclay, Murray & Spens LLP
1 George Square
Glasgow G2 1AL

SLC TURNBERRY LIMITED

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SLC TURNBERRY LIMITED
Registered No. SC177810

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors present their strategic report on SLC Turnberry Limited (the 'Company') for the year ended 31 December 2013.

Principal activities and review of the business

The Company's principal activity during the year continued to be that of the operation of the Turnberry Resort and associated leisure facilities. The loss for the financial year amounted to £ 6,377,000 (2012 - loss of £4,613,000).

During the year amounts owed to fellow group undertakings were irrevocably waived by the counterparties. This constitutes a capital contribution and as a result, a capital reserve was created.

The Company's key financial and other performance indicators during the year were as follows:

	2013	*2012*
	£000	*£000*
Turnover	12,605	13,058
EBITDA	(4,598)	(1,557)
Loss after tax	(6,377)	(4,613)
Guest Experience Index (GEI) (score out of 10)	8.66	8.49

Customer satisfaction is a key performance indication for the Company and all customer questionnaires are completed through an independent third party as part of Starwood, the operator. Customer satisfaction has remained at a high level.

When there is an indicator that a non-financial asset might be impaired, the Company follows the guidance of Financial Reporting Standard 11, which requires the Company to determine the recoverable amount, which is the higher of the fair value less cost to sell and the value in use. As at 31 December 2013, the Company adopted the value in use of the cash generative golf course alone and as a result recognised an impairment charge of £712,886 (2012: £783,830). The Company also recognised an impairment charge of £3,331,000 in its investment in Nitto World as a result of an intergroup balance release.

Principal risks and uncertainties

The Company continues to monitor risks and uncertainties during its budgeting process and monthly strategic meetings. The Directors believe the following are the principal risks and uncertainties:

Competitive risks

The Company operates at the upper end of the competitive Scottish resort market. Risks are possible from either new competitor openings, but in the main they are from existing competitors investing in product refurbishments and expansion along with competitive price pressure.

SLC TURNBERRY LIMITED
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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

Economic risks

The Company is reliant on healthy economies in all its major markets; being UK, USA and Europe. The state of these economies, despite some recovery, poses some risk to the high end market as individuals continue to experience reduced disposable income and companies look for cost saving exercises.

On behalf of the board

Ian Alastair Humphries-Russ

Director
11 June 2014

SLC TURNBERRY LIMITED
Registered No. SC177810

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors present their report and audited financial statements for SLC Turnberry Limited (the 'Company') for the year ended 31 December 2013.

Dividends

The Directors do not recommend the payment of any dividends (2012 - £nil).

The Company's principal activity and review of the business are set out in the Strategic report. In addition, the principal risks and uncertainties are noted below.

Subsequent Events

On 28 April 2014 an agreement was made for the sale of the Company by Leisurecorp Scotland Limited to Golf Recreation Scotland Limited. Completion is expected to take place in June 2014. Following completion there will be a period of time to review and then implement a new strategy for the resort. The outcome of that review is not known at this time, therefore no assessment can be made of any potential impact on the impairment review disclosed in note 3.

On 27 April 2014 the immediate parent undertaking, Leisurecorp Scotland Limited, accepted consideration of 39,567,727 shares of £1 each of capital in the Company by way of consideration for repayment of a loan of £37,567,727

Going Concern

The Company's principal activity and review of the business are set out in the Strategic Report above. In addition, the principal risks and uncertainties are noted below.

The Company had net current liabilities as at 31 December 2013 and is dependent on continuing finance being made available by its intermediate parent company to enable it to continue operating and to meet its liabilities as they fall due. The Directors have drawn up the financial statements on a going concern basis as Istithmar Building FZE, the intermediate parent undertaking has confirmed, for as long as it remains the owner of the Company, that it will provide all necessary financial support to the Company for the foreseeable future to enable it to continue trading and to meet its financial obligations as they fall due and for at least a period of 12 months from the date of signing of the financial statements.

Golf Recreation Scotland Limited have confirmed that upon completing the acquisition of the Company, it will ensure all necessary financial support is provided to the Company for the foreseeable future to enable it to meet its financial obligations as they fall due for at least a period of 12 months from the date of signing the financial statements.

The Directors, having assessed the responses of the Directors of Istithmar Building FZE and Golf Recreation Scotland Limited to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of SLC Turnberry Limited to continue as a going concern or its ability to continue with the current funding arrangement. Thus the Directors continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Financial risks

Exchange rate risks

A significant element of the Company's revenues is dependent on non-UK based businesses. Adverse exchange rate fluctuations of major currencies (specifically Euro) are a potential risk to the Company.

Management has set up policies to require the Company to manage its foreign currency risk against its functional currency. The Company is required to hedge its foreign currency exposure, wherever applicable. To manage its foreign currency risk arising from future commercial transactions and recognised assets and liabilities, the Company use forward contracts.

Financial risks (continued)

Liquidity risk

Liquidity risk is the risk that the Company will have insufficient debt facilities to meet future obligations. The Company aims to mitigate liquidity risk by managing cash generation by its operations. Further, the Company regularly reviews its borrowing facilities to ensure funds are available to meet planned debt requirements plus a contingency.

Future developments

On 28 April 2014 an agreement was made for the sale of the Company by Leisurecorp Scotland Limited to Golf Recreation Scotland Limited. Completion is expected to take place in June 2014. Following completion there will be a period of time to review and then implement a new strategy for the resort. The outcome of that review is not known at this time, therefore no assessment can be made of any potential impact on the impairment review disclosed in note 3.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees. The Company is an equal opportunities employer.

The Company recognises the high standards required to ensure the health, safety and welfare of its employees at work, its customers and the general public. Company policies in this regard are regularly reviewed with the objective of ensuring that these standards are achieved.

Employee Involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various matters affecting the performance of the Company. This is achieved through formal and informal meetings.

Directors

The Directors of the Company who were in office during the year were:

Hamza Ali Abdullatif Mustafa (resigned 21 August 2013)
Mark Bennett Troy
Michael Burns Neilson (resigned 14 July 2013)
Ian Alastair Humphries-Russ (appointed 5 March 2014)

The Directors of the Company who were in office up to the date of signing the financial statements were Mark Bennett Troy and Ian Alastair Humpries-Russ.

SLC TURNBERRY LIMITED
Registered No. SC177810

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

Directors' Indemnity Insurance

All Directors are entitled to contractual indemnification from the Company to the extent permitted by law against claims and legal expenses incurred in the course of their duties. Such qualifying third party indemnity insurance is provided and remains in force as at the date of approving the Directors' report.

Statement as to disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow Directors, each Director has taken all the steps that he is obliged to take as a Director in order to have made himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP continued in office as auditors to the Company.

On behalf of the board

Ian Alastair Humphries-Russ

Director
11 June 2014

SLC TURNBERRY LIMITED
Registered No. SC177810

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of SLC Turnberry Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by SLC Turnberry Limited, comprise:

- the Balance Sheet as at 31 December 2013;
- the Profit and Loss Account for the year then ended;
- Statement of Changes in Equity; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

S Copeland

Sonia Copeland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 June 2014

SLC TURNBERRY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	*2013* *£'000*	*2012* *£'000*
TURNOVER	2	12,605	13,058
Cost of sales		(8,451)	(8,696)
GROSS PROFIT		4,154	4,362
Administrative expenses			
- Before exceptional items		(5,421)	(5,919)
- Impairment of tangible fixed assets	3	(713)	(784)
- Impairment of investments	3	(3,331)	-
		(9,465)	(6,703)
OPERATING LOSS	4	(5,311)	(2,341)
Interest payable and similar charges	7	(1,066)	(2,272)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,377)	(4,613)
Tax on loss on ordinary activities	9	-	-
LOSS FOR THE FINANCIAL YEAR	20	(6,377)	(4,613)

All amounts relate to continuing operations.

There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

There are no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 12 to 23 form part of the financial statements.

SLC TURNBERRY LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2013

	Notes	2013 £'000	2012 £'000
FIXED ASSETS			
Tangible assets	10	4,705	4,705
Investments	11	-	3,331
		4,705	8,036
CURRENT ASSETS			
Stocks	12	330	346
Debtors: amounts falling due within one year	13	945	936
Cash at bank and in hand		2,037	1,418
		3,312	2,700
CREDITORS: amounts falling due within one year	14	(41,866)	(93,732)
NET CURRENT LIABILITIES		(38,554)	(91,032)
TOTAL ASSETS LESS CURRENT LIABILITIES		(33,849)	(82,996)
CREDITORS: amounts falling due after more than one year	15	-	(50)
Net liabilities excluding net pension position		(33,849)	(83,046)
Net pension position	16	-	-
NET LIABILITIES INCLUDING NET PENSION POSITION		(33,849)	(83,046)
CAPITAL AND RESERVES			
Called up share capital	19	-	-
Capital redemption reserve	20	18,374	18,374
Capital reserve	14/20	55,574	-
Profit and loss account	20	(107,797)	(101,420)
TOTAL SHAREHOLDERS' DEFICIT	20	(33,849)	(83,046)

The financial statements on pages 9 to 23 were approved by the Board of Directors on and signed on its behalf by

Ian Alastair Humphries-Russ
Director
11 June 2014

The notes on pages 12 to 23 form part of the financial statements.

SLC TURNBERRY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Share Capital	Capital Redemption Reserve	Capital Reserve	Retained Earnings	Total Equity
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
At 1 January 2012	-	18,374	-	(96,807)	(78,433)
Loss for the year	-	-	-	(4,613)	(4,613)
At 31 December 2012	**-**	**18,374**	**-**	**(101,420)**	**(83,046)**
Loss for the year	-	-	-	(6,377)	(6,377)
Effect of release of intergroup balances and shareholder loans	-	-	55,574	-	55,574
At 31 December 2013	**-**	**18,374**	**55,574**	**(107,797)**	**(33,849)**

With effect from 1 July 2013 any and all rights to amounts owed to *certain* group undertakings and shareholder loans were irrevocably released. As a result, the aggregate sum of ***£55,574,012*** was transferred from creditors: amounts falling due within one year to the capital reserve as at 31 December 2013.

The notes on pages 12 to 23 form part of the financial statements.

1. **Accounting policies**

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below and have been applied consistently throughout the year. The Company does not prepare consolidated financial statements as it takes advantage of the exemption provided under section 401 of the Companies Act 2006. The Company's financial statements present information about it as an individual undertaking and not about its group.

The Directors have taken advantage of the exemption in FRS 1 (revised 1996) 'Cash Flow Statements' from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its parent publishes consolidated financial statements.

Going Concern

The Company's principal activity and review of the business are set out in the Strategic Report above. In addition, the principal risks and uncertainties are noted below.

The Company had net current liabilities as at 31 December 2013 and is dependent on continuing finance being made available by its intermediate parent company to enable it to continue operating and to meet its liabilities as they fall due. The Directors have drawn up the financial statements on a going concern basis as Istithmar Building FZE, the intermediate parent undertaking has confirmed, for as long as it remains the owner of the Company, that it will provide all necessary financial support to the Company for the foreseeable future to enable it to continue trading and to meet its financial obligations as they fall due and for at least a period of 12 months from the date of signing of the financial statements.

Golf Recreation Scotland Limited have confirmed that upon completing the acquisition of the Company, it will ensure all necessary financial support is provided to the Company for the foreseeable future to enable it to meet its financial obligations as they fall due for at least a period of 12 months from the date of signing the financial statements

The Directors, having assessed the responses of the Directors of Istithmar World Building FZE and Golf Recreation Scotland Limited to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of SLC Turnberry Limited to continue as a going concern or its ability to continue with the current funding arrangement. Thus the Directors continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold land and buildings	-	40 years
Fixtures, fittings and equipment	-	2 - 20 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Fixed asset investments are shown at cost less provision for impairment.

1. **Accounting policies (continued)**

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Taxation

The charge for current taxation for the year is based on the result for the year, adjusted for disallowable items.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over the shorter of lease term and their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged to the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term, even if the payments are not made on such a basis.

1. Accounting policies (continued)

Pension schemes

For defined benefit schemes the amounts charged to operating profit are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are charged to operating profit immediately if the benefits have vested. If the benefits have not vested immediately, the costs are recognised by equal annual instalments until vesting occurs. The interest cost and the expected return on assets are included as other finance costs. Actuarial gains and losses net of deferred tax are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are either externally funded, with the assets of the scheme held separately from those of the Company in separate trustee administered funds, or are unfunded. Pension scheme assets are measured at fair value, and liabilities are measured on an actuarial basis and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Full actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Capital Contribution Policy

The release of inter-company creditors, which is non-reciprocal in nature, is recorded as a capital contribution and taken directly to equity. As such, the carrying value of the loans waived is reclassified to a capital reserve in equity with no gain or loss being recognised.

2. Turnover

Turnover comprises amounts derived from the provision of goods and services falling within the Company's ordinary activities after deduction of value added tax, other sales related taxes and trade discounts. Turnover arises solely from the Company's principal activity within the United Kingdom.

3. Exceptional items

Included in operating loss	*2013* *£000*	*2012* *£000*
Impairment of tangible fixed assets	713	784
Impairment of investment in subsidiary	3,331	-
	4,044	784

When there is an indicator that a non-financial asset might be impaired, the Company follows the guidance of Financial Reporting Standard 11, which requires the Company to determine the recoverable amount, which is the higher of the fair value less cost to sell and the value in use. As at 31 December 2013, the Company adopted the value in use of the cash generative golf course alone and as a result recognised an impairment charge of £712,886 (2012: £783,830). The calculation is based on five year pre-tax cash flow projections approved by management. Cash flows beyond the initial five year period are extrapolated using a weighted average growth rate of 2.25% which is consistent with the UK's long term average growth in GDP. A pre-tax discount rate of 15% has been used and reflects the risks relating to the asset.

The Company also recognised an impairment charge of £3,331,000 in its investment in Nitto World as a result of an intergroup balance release.

4. Operating loss

This is stated after charging:	*2013*	*2012*
	£000	*£000*
Auditors' remuneration - audit services	48	48
Impairment of tangible fixed assets	713	784
Operating lease rentals - plant and machinery	187	197

5. Directors' emoluments

Directors' emoluments for the current and prior year were borne by Istithmar World PJSC, the intermediate parent undertaking. Directors were also directors of other group companies and it was not possible to make an accurate apportionment of their emoluments in respect of their services to the Company.

6. Staff Costs

	2013	*2012*
	£000	*£000*
Wages and salaries	5,776	6,093
Social security costs	428	482
Other pension costs	-	57
	6,204	6,632

The monthly average number of employees during the year was made up as follows:

	2013	*2012*
	Number	*Number*
By activity:		
Operating employees	203	247
Administrative employees	46	39
	249	286

7. Interest payable and similar charges

	2013 £000	2012 £000
On intercompany loans	1,048	2,254
Finance charges payable under finance leases and hire purchase contracts	18	18
	1,066	2,272

8. Other finance costs

	2013 £000	2012 £000
Expected return on pension scheme assets	280	275
Interest on pension scheme liabilities	(280)	(275)
	-	-

9. Tax on loss on ordinary activities

(a) Analysis of tax credit

	2013 £000	2012 £000
Current tax:		
Group relief receivable	-	-
Adjustment in respect of prior years	-	-
Total current tax credit (note 9(b))	-	-

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities is different from (2012:higher than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.50.%). The differences are reconciled below:

	2013 £000	2012 £000
Loss on ordinary activities before taxation	(6,377)	(4,613)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012 - 24.50%)	(1,483)	(1,130)
Effects of:		
Expenses not deductible for tax purposes	1,171	491
Group relief surrendered for nil payment	-	261
Other timing differences	-	(128)
Unrelieved tax losses carried forward	312	506
Total current tax credit (note 9(a))	-	-

9. Tax on loss on ordinary activities (continued)

(c) Deferred tax

The Company has no provsion for deferred tax (2012: nil)

The Company has further trading losses carried forward resulting in a deferred tax asset of £8.4m (2012 - £8.8m). This is not recognised as there is no certainty of suitable taxable profits in the future against which the losses can be offset.

(d) Factors that might affect future tax charges

A number of changes to the UK Corporation tax system were announced in the March 2012 Budget Statement, the 2012 Autumn Statement and the March 2013 Budget Statement. The Finance Act 2012 reduced the main rate of corporation tax for the financial year 2012 to 24% and for the financial year 2013 to 23%. The 2012 Autumn Statement announced proposals to reduce the main rate of corporation tax for the financial year 2014 to 21%. The 2013 Budget Statement announced further proposals to reduce the main rate of corporation tax for the financial year 2015 to 20%. These rates were enacted in the Finance Act 2013 on 17 July 2013.

10. Tangible fixed assets

	Freehold land and buildings £000	*Fixtures, fittings and equipment £000*	*Total £000*
Cost:			
At 1 January 2013	75,490	11,894	87,384
Additions	-	713	713
Reclassification	-	-	-
At 31 December 2013	75,490	12,607	88,097
Accumulated depreciation:			
At 1 January 2013	70,785	11,894	82,679
Provided during the year	-	-	-
Impairment	-	713	713
At 31 December 2013	70,785	12,607	83,392
Net book value:			
At 31 December 2013	4,705	-	4,705
At 31 December 2012	4,705	-	4,705

At 31 December 2013 the net book value of tangible fixed assets held under finance leases and hire purchase contracts was £nil (2012 - £nil). Depreciation charged for the year on these assets amounted to £nil (2012 - £nil).

10. Tangible fixed assets (continued)

When there is an indicator that a non-financial asset might be impaired, the Company follows the guidance of Financial Reporting Standard 11, which requires the Company to determine the recoverable amount, which is the higher of the fair value less cost to sell and the value in use. As at 31 December 2013, the Company adopted the value in use of the cash generative golf course alone and as a result recognised an impairment charge of £712,886 (2012: £783,830) (Note 3).

11. Investments

	Subsidiary undertaking
	£000
Cost and net book value:	
At 1 January 2013	3,331
Impairment	(3,331)
Net book value :	
At 31 December 2013	-

The Company recognised an impairment charge of £3,331,000 in its investment in Nitto World as a result of an intergroup balance release.

	Country of registration	*Principal activity*	*Description and proportion of share capital*
Nitto World Co. Limited	England	Non-trading	100% ordinary share capital

12. Stocks

	2013	*2012*
	£000	*£000*
Food, drink and consumables	330	346

The Directors consider that there is no significant difference between the balance sheet value and the replacement cost of stocks at the balance sheet date.

13. Debtors

	2013	*2012*
Amounts falling due within one year	*£000*	*£000*
Trade debtors	631	631
Amounts owed by group undertakings	8	8
Corporation tax	5	5
Prepayments and accrued income	301	292
	945	936

Amounts owed by group undertakings are unsecured, interest free and have no agreed repayment schedule.

14. Creditors: amounts falling due within one year

	2013 £000	2012 £000
Obligations under finance leases and hire purchase contracts (note 17)	50	65
Trade creditors	1,334	1,004
Amounts owed to group undertakings	39,568	91,364
Accruals and deferred income	914	1,299
	41,866	93,732

Amounts owed to group undertakings

With effect from 1 July 2013 any and all rights to amounts owed to *certain* group undertakings and shareholder loans were irrevocably released. As a result, the aggregate sum of ***£55,574,012*** was transferred from creditors: amounts falling due within one year to the capital reserve as at 31 December 2013.

Amounts owed to group undertaking includes a loan of £23,435,000 (2012 - £23,435,000) from Leisurecorp Scotland Limited. The loan is unsecured, payable on demand and attracts interest of 4.47 per cent per annum. Other amounts owed to group undertaking includes accrued interest of £16,133,219 due to Leisurecorp Scotland Limited and is unsecured and payable on demand.

15. Creditors: amounts falling due after more than one year

	2013 £000	2012 £000
Obligations under finance leases and hire purchase contract (note 17)	-	50
	-	50

16. Net pension position

The Company provides pension arrangements for certain permanent employees through the Turnberry Hotel Pension Scheme.

On 31 March 2006, the scheme was closed to future accrual. The deficit in the scheme is being funded *by contributions from the Company.*

The most recent actuarial valuation was at 31 December 2013 and has been updated by a qualified actuary to take account of the requirements of FRS 17, in order to assess the liabilities of the scheme at 31 December 2013. Scheme assets are stated at their market value at the respective balance sheet dates.

The main assumptions are as follows:

	2013 %	2012 %
Discount rate	4.60	4.30
Inflation assumption	3.50	3.10
Rates of increase in deferred pensions	3.50	3.10

16. **Net pension position** *(continued)*	*2013* %	*2012* %
Annuity policy	4.60	4.30
Average net expected return	4.60	4.30
Life expectancy:		
Life expectancy for a male pensioner from age 65	23	23
Life expectancy for a female pensioner from age 65	25	25
Life expectancy from age 65 for a male participant currently aged 45	25	25
Life expectancy from age 65 for a female participant currently aged 45	27	27

The assets and liabilities of the scheme and the expected rate of return at 31 December are shown below. These are net of investment management expenses. As other expenses are paid separately by the Company, no account is taken of these. The Scheme's assets have been invested in immediate and deferred annuity policies with Legal & General Assurance Society Limited since June 2011. At the year end an equal and offsetting asset and liability has been included. The annuity policies are written in the name of the Scheme Trustees and therefore the Company ultimately remains responsible for ensuring that the benefits are paid as they are due.

	2013		*2012*	
	Long term rate of return expected %	*Value* £000	*Long term rate of return expected* %	*Value* £000
Scheme assets at fair value				
Annuity policy	4.30	6,862	4.30	6,695
Fair value of scheme assets		6,862		6,695
Present value of scheme liabilities		(6,862)		(6,580)
Defined benefit pension scheme surplus		-		115

An analysis of the defined benefit cost for the year ended 31 December is as follows:

	2013 £000	*2012* £000
Other finance costs - expected return on pension scheme assets	280	275
Other finance costs - interest on pension scheme liabilities	(280)	(275)
Total other finance cost	-	-

16 Net pensions position *(continued)*

Included in the statement of total recognised gains and losses:

	2013 *£000*	*2012* *£000*
Actual return on scheme assets	322	879
Less: expected return on scheme assets	(280)	(275)
Actuarial gain/(loss) on scheme assets	42	604
Actuarial loss on scheme liabilities	(157)	(605)
	(115)	(1)
Effect of paragraph 41 limit	115	1
	-	-

Changes in the present value of the defined benefit obligations are analysed as follows:

	2013 *£000*	*2012* *£000*
As at 1 January	6,580	5,850
Interest cost	280	275
Actuarial loss	157	605
Benefits paid from scheme	(155)	(150)
As at 31 December	6,862	6,580

Changes in the fair value of plan assets are analysed as follows:

	2013 *£000*	*2012* *£000*
As at 1 January	6,695	5,966
Expected return on scheme assets	280	275
Actuarial gain on scheme assets	42	604
Employer contributions	-	-
Benefits paid from scheme	(155)	(150)
As at 31 December	6,862	6,695

Amounts for the current and previous four periods are as follows:

	2013 *£000*	*2012* *£000*	*2011* *£000*	*2010* *£000*	*2009* *£000*
Fair value of scheme assets	6,862	6,695	5,966	5,988	5,504
Present value of defined benefit obligation	(6,862)	(6,580)	(5,850)	(5,223)	(4,867)
Surplus in the scheme	-	115	116	765	637
Difference between expected and annual return on scheme assets	42	604	(2,030)	202	216
Experience gain arising on plan liabilities	-	-	-	27	62

17. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	2013 £000	2012 £000
Amounts payable:		
Within one year	50	65
In two to five years	-	50
	50	115
Less: finance charges allocated to future periods	-	-
	50	115

Finance leases and hire purchase contracts are analysed as follows:

	2013 £000	2012 £000
Current obligations (note 14)	50	65
Non-current obligations (note 15)	-	50
	50	115

18. Commitments under operating leases

At 31 December the Company had annual commitments under non-cancellable operating leases as set out below:

	Assets other than land and buildings 2013 £000	2012 £000
Operating leases which expire:		
Within one year	108	88
In two to five years	29	90
	137	178

19. Called up share capital

	2013 Number	2013 £000	2012 Number	2012 £000
Allotted, called up and fully paid				
Ordinary shares of £1 each	2	-	2	-

20. Reconciliation of movements in shareholders' deficit and movements on reserves

	Called up share capital £000	*Capital redemption reserve £000*	*Capital reserve £000*	*Profit and loss account £000*	*Total share-holders' deficit £000*
At 1 January 2012	-	18,374	-	(96,807)	(78,433)
Loss for the year	-	-	-	(4,613)	(4,613)
At 31 December 2012	-	18,374	-	(101,420)	(83,046)
Loss for the year	-	-	-	(6,377)	(6,377)
Effect of release of intergroup balances and shareholder loans	-	-	55,574	-	55,574
At 31 December 2013	-	18,374	55,574	(107,797)	(33,849)

21. Related party transactions

The Company has utilised the exemption under FRS 8 as a wholly owned subsidiary not to disclose transactions with other entities that are part of, or investees of Dubai World Corporation.

22. Ultimate parent undertaking

The immediate parent undertaking is Leisurecorp Scotland Limited, a company registered in Scotland.

The smallest group of companies for which consolidated financial statements are prepared and in which the Company is consolidated is Istithmar Building FZE, a company incorporated in Dubai, United Arab Emirates.

Up to 31 December 2013 the ultimate parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Dubai World Corporation, a company incorporated in United Arab Emirates.

Copies of the financial statements of both companies can be obtained from Istithmar Building FZE, The Galleries, Downtown Jebil Ali, PO Box 17000, Dubai, United Arab Emirates.

23. Subsequent Events

On 28 April 2014 an agreement was made for the sale of the Company by Leisurecorp Scotland Limited to Golf Recreation Scotland Limited. Completion is expected to take place in June 2014. Following completion there will be a period of time to review and then implement a new strategy for the resort. The outcome of that review is not known at this time, therefore no assessment can be made of any potential impact on the impairment review disclosed in note 3.

On 27 April 2014 the immediate parent undertaking, Leisurecorp Scotland Limited, accepted consideration of 39,567,727 shares of £1 each of capital in the Company by way of consideration for repayment of a loan of £37,567,727